THE

NATIONAL DEBT,

&c. &c.

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THE

NATIONAL DEBT,

ITS

EVILS,

AND

THEIR REMEDY.

BY A LAND AND FUND HOLDER.

LONDON:
EFFINGHAM WILSON, 88, ROYAL EXCHANGE.
1831.

336.3
N213

LONDON:
PRINTED BY GEORGE ECCLES, 101, FENCHURCH STREET.

THE

NATIONAL DEBT,

&c. &c.

ABOUT forty years ago, a young nobleman inherited an extensive territory and princely fortune in a remote district of this kingdom. His lands were fertile, well cultivated, and capable of supplying the inhabitants with all the necessaries and luxuries of life; and as the surrounding districts were mountainous and sterile, without roads, and uninhabited, they were obliged to depend entirely upon their internal produce for the articles of consumption which they required. The property had been encumbered by the young man's ancestors, but the amount of the debt was not sufficiently large to occasion any embarrassment in the affairs of the proprietor; and he was able to discharge the annual interest of his incumbrances without increasing the customary duties to which he was entitled

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from his tenantry, or making any diminution in the magnitude and splendor of the establishment which his family through many generations had supported.

The young nobleman was gifted with talents of the highest order, of a generous disposition, given to hospitality, and anxious for the improvement of his property; but deficient in prudence, and wholly without the experience necessary to direct him in the proper management of his vast wealth. Artists, artificers, speculators, adventurers of every kind, were invited from all parts of the kingdom to this favoured spot. He erected bridges, dug canals, built stately palaces, cultivated waste lands, granted pensions, patronized learned men, and, in short, acted as his feelings and imagination prompted, regardless of expense, and without consideration of his means of payment. In fact, with an income of £200,000 per annum, he spent nearly £500,000. He, of course, soon contracted heavy debts; but as his wealth was undoubted and his honour unimpeached, he had no difficulty in meeting the excess of his expenditure by loans from his tenants, who were growing rich by reason of the increased price of all articles of produce, the necessary consequence of the increased expenditure of the landlord, and the impossibility of obtaining supplies, except such as the

district afforded. The tenantry gladly availed themselves of this mode of investing their savings; and their reliance on the honour of their landlord induced them to be satisfied with his notes of hand, payable when convenient to himself, without demanding a mortgage of his freeholds, or an appropriation of the other sources of his revenue. This system continued some years; the expenditure of the landlord and the amount of his debts annually increased; whilst the prices of all articles of consumption increased also; and the tenants apparently became more wealthy in proportion to the amount of their demands upon their landlord's purse. As the necessities of the latter also became more pressing, he was obliged to borrow on more disadvantageous terms, until he would readily give his note of hand for £100 and receive £65 only in return; and was likewise in the regular habit of paying his half-yearly interest in his own promissory notes, instead of sterling cash; yet such was the delusion of all parties, that confidence in his wealth and stability remained unshaken. He was thought to be rich in proportion to his expenditure; and his notes were in such estimation amongst his followers, that there was no coined money in circulation in his district. His tenants, indeed, were sometimes discontented, because he had increased

their customary payments; but as he was always ready to receive his own notes, either in payment of those duties or by way of loan, the increase of duty bore no proportion to the increase of price, and they were, on the whole, a satisfied race.

It is impossible to describe the prosperity of the district during this period. The landlord was the most popular of men. Every body believed himself growing richer. The prices of all articles of consumption yearly increased; and as the landlord's necessities always afforded a ready market for the disposal of those notes of hand for which the inhabitants had not an immediate use, the mischiefs of the system were unfelt, and therefore uninvestigated. Self-interest, indeed, will always beget false reasoning; and it was therefore generally believed within the district that by this system of borrowing and lending, and paper money and prices, the real and substantial wealth of the community was increased; and the few amongst them who endeavoured to check the system, and point out its ultimate evils, were heard with impatience and dismissed with contempt.

Fortunately for the popularity of this young nobleman, he died before the discovery of the errors of the

system on which he had proceeded. His successor was a man of different habits and disposition;—he resolved to borrow no more; but to live within his income, and to appropriate a part of it to the diminution of the heavy debt with which he was incumbered. The latter part of this resolution he was soon compelled to abandon; to the two former parts he rigidly adhered. The effects were soon manifest. To reduce his expenditure it was necessary that he should reduce his establishment and general style of living. His castles were no longer scenes of splendid hospitality; his improvements were abandoned, and all unnecessary servants and artificers discharged. The same demand for agricultural and other produce no longer existed; prices declined; labourers were unemployed; and the tenants found themselves reduced from affluence to comparative poverty. But still they were enabled to maintain their station. Though sorely pressed by the increased amount of their customary duties, of which, in the prosperous times, they had not felt the burthen, the notes given by their landlord were in full credit. In these notes they paid their rent; with these notes they received their dividends; and by these notes the prices of provisions and all other articles were calculated; and although they admitted themselves to be

poorer than in the time of the former lord, they still believed the notes to be the representatives of real wealth, and attributed the depression of their circumstances to the bad management or niggardly disposition of their new master.

In the mean while the landlord himself became sensible of the errors of his predecessor; and whilst he was painfully reflecting on the safest and most prudent means of remedying the evils which were daily becoming more apparent, a sudden panic seized upon the note-holders, and a scene of confusion and distress ensued, which caused the legislative government to prohibit peremptorily the circulation of the notes in future, and to compel the landlord to pay his annual interest in gold.

This prohibition brought affairs to a crisis. As soon as gold was substituted for paper, gold prices were substituted for paper prices, and every thing returned to the state in which it had been found by the young nobleman forty years before, except the amount of the debt due from his successor, which, remaining in nominal amount the same when to be paid in gold as it was when contracted for in paper, was utterly disproportionate to the rental of his estates and his means of discharging it. For some time he

struggled to make good his payments. The most rigid economy was practised. Reduction after reduction was made, and servant after servant was discharged. He employed the most prudent stewards and the most able accountants. From the former he only learned the utter incapability of the tenants, from their reduced means, to maintain his income at its then amount; from the latter that such income (setting aside all private expenditure) was insufficient to discharge the claims which those tenants had upon it; and he was finally compelled to call his creditors together and thus to address them:—

"The unfortunate derangement of my affairs is well known to you all; but it is a consolation to me that my distresses have not been occasioned by my own imprudence. The extravagance of my predecessor, encouraged and taken advantage of by the lenders of the money for which you now hold my notes, has caused our present misfortunes. The monstrous bubble, that an increase of debt is an increase of wealth, believed and acted upon both by borrower and lender, has now burst, and nothing of it remains but the enormous debt contracted during the time it was forming. It is not to be expected, now the delusion is ended, that I am to be the only sufferer by it. I ought not to be

called upon to pay to you in *gold* the amount which my ancestor borrowed from your ancestors in *paper;* and still less can you have a right to ask of me *one hundred pounds'* worth of gold, when those under whom you claim advanced in paper but *sixty-five*. Tell me not of pledges or of broken faith. I have neither given nor assented to any pledge; nor do I find in any of my papers and records any memorandum or notice that any pledge has ever been given by any body else. It is indeed most manifest to me that no pledge ever was given or intended to be given. The money was lent on the personal security of the borrower, and on that security only; and that the lenders were aware of the risk they ran in taking such security is manifest from the amount of the money advanced and the security given. If they had taken a mortgage upon the lands of my predecessor, or upon any other sources of his revenue, their security would have been limited by the amount of the sums they advanced, and they would not have received a security for £100 when they advanced him only £65. It is however, notwithstanding, my wish to deal honestly by you, and as far as my fortune will enable me I will do so. To repay you the principal monies for which you hold my notes is impossible; my whole property, if sold, would

not produce them, nor would all the gold and silver in the world amount to them. You must therefore continue to hold these notes; but I cannot hereafter pay you more than one-half the interest you have hitherto received. The money which has been expended in the improvement of my property during the years of your fancied prosperity enables me to do this; and I shall be further enabled to make liberal allowances to such widows and orphans as are the holders of my predecessor's notes, and derive their whole income from them. And, furthermore, I will charge certain branches of my income with the payment of this reduced interest, so that you may have an available security for it; and I will give you a priority of payment before any persons from whom my successors may borrow hereafter. All this I will do cheerfully, but I cannot do more: and in my judgement this arrangement will be beneficial for us all; for it will cause us all to resume the stations we occupied before this unfortunate system commenced. Whereas I am now compelled to fix such large payments upon those articles upon which I have the power of fixing a price, that the comforts of the poor man, and with them his orderly habits, are nearly destroyed; and I am further obliged to demand such heavy sums

from the higher classes amongst you, to satisfy the daily claims upon me, that they are unable to afford employment to the lower orders, or to maintain the scale of expenditure proper for their station; whilst, deprived of my former splendor and wealth, I am myself unable to support my rank with other great and powerful land-holders; and no longer possess the power and influence necessary for the support of your interests and the preservation of your honour."

The address was coldly received, and the note holders became clamorous for payment. Many of them, indeed, applied to their lawyers to enforce their demands; but when their claims came to be investigated, it was found that in their eagerness to lend they had omitted to take substantial securities, and that there was no property upon which they could seize, and no individual whom they could sue. And, in the end, when they fully understood their situation, and the jeopardy in which the entire of their demands was placed, they thankfully accepted the proffered compromise upon the new legal security; and after the confusion immediately attending upon the measure had subsided, the affairs of the district resumed their ancient channels.

It is needless to say that this story is intended to represent the past and present state of this kingdom; and, as far as the parallel can be drawn, it will be found correct.

The story begins with the breaking out of the revolutionary war, when the national debt, comparatively speaking, was light, and when the system of loans, subsidies, and contracts commenced. No person who has passed the middle age can forget the fever of that period, nor the popularity of the then youthful minister, Mr. Pitt. The nation grew rich by magic; and the run upon the Bank of England, which the enormous issue of paper created, instead of checking the minister in his course, begat a measure (the Bank Restriction Act) which completed the delusion, and enabled him to pursue his system with the most perfect impunity and success. The rapidity with which prices increased after that fatal measure is almost incredible. Land doubled, trebled, and quadrupled in value. The country gentleman found his rents advance faster than his cupidity. The character of the farmer was entirely changed. Riches, or imagined riches, poured in upon him from all quarters. His cattle, his corn, his wool, his butter, his cheese, every article which his farm produced, increased in price even to

his own astonishment. Wealth as usual produced expensive habits, and the farmer advanced, in all respects but education, into the rank of the country gentleman, as the country gentleman had in all things but birth taken his station amongst the nobles of the land. Every body and every thing was shaken from its proper sphere.

This system continued (with some slight check during the short peace of Amiens) from the commencement of the war in 1793 until the general peace in 1815. I mean the system of loans and paper money. The profuse expenditure which prevailed during the Pitt administration had, indeed, for some years given way to a more economical disbursement of the public income; but the heavy costs of the peninsular wars, and of the other measures which led to the final destruction of the overwhelming power of France, compelled the nation to continue the system of loans and subsidies until the termination of the contest.

This is the period of happiness and prosperity represented in the first part of my story.

With the battle of Waterloo the second period commences. The illuminations for that splendid victory were scarcely ended when we found ourselves at

once covered with glory and with debt. We began to calculate the costs of our success; the war establishment and expenditure was no longer necessary, and as soon afterwards as circumstances would permit, the borrowing system ceased, and the annual income of the country (including the enormous sum payable as interest on the national debt, which, during the war, had more than quadrupled in amount) was provided for by annual taxation.

It is not necessary to have arrived at the middle age to remember the distress in which the country was immediately involved; nor the bankruptcies and insolvencies which followed—other causes undoubtedly in some degree assisted, but the effects were mainly produced by the change from war to peace. Prices declined more rapidly than they had risen. In a few months, almost in a few weeks, the farmer dwindled from wealth to insolvency. The landlords found the diminished rents of their lands barely equal to defray the interest of the monies which, in more prosperous days, they had borrowed on them. Manufactured goods were without buyers, and looms stood still for want of orders; whilst all classes, but more particularly the agricultural classes, blamed the ministers of the day for the existence of evils which,

however they might foresee, it was impossible for them to prevent.

By degrees, however, these evils subsided. The insolvent farmers gave way to a new race; the rents became again tolerably well paid, and as a paper currency still remained, paper prices also in a great degree continued, and the Government were enabled by economy and retrenchment to carry on the expenditure of the state, and the pressure of the public burthens were not felt in their full extent.

This marks the second period of my story.

The panic of the year 1825, and the subsequent prohibition of the issue of small notes, forms the last; and since that statute came into operation there is, I imagine, no believer in the doctrine that national wealth and national debt are synonimous terms. Our imaginary wealth has vanished, prices have returned to the scale of 1793, and nothing remains of our artificial system of finance but the expensive habits we have contracted, and the heavy load of debt with which we are oppressed.

It must be admitted by all parties that the expenditure of the country was greatly reduced by the late administration; and it is a topic for general rejoicing that the present cabinet are pledged to

carry those reductions to a greater extent, and to introduce a substantial economy in every branch of the administration. I doubt not the sincerity of their intentions, nor that they will diligently apply themselves to the great work they have undertaken; but an attempt to give substantial relief from the burthens which now press upon us by *economy* alone must be futile. The total amount of our expenditure for the year 1829, was upwards of £53,000,000; of which the sums expended in pensions, places, salaries, and sinecures, did not (civil list inclusive) exceed £3,000,000. Salaries may be reduced, places consolidated, sinecures abolished, and even the Government carried on *gratis*, and no vital or permanent benefit obtained. Such retrenchments may for a time create a more kindly feeling in the minds of the lower orders towards their rulers, as evincing a sympathy with their distresses and an effort to relieve them; but if the real burthens remain, these feelings will be but transient, and the time is fast approaching, when, like the landlord in the story, the nation must call its creditors together, and make with them the best agreement which circumstances will permit.

The period certainly has not yet arrived, when the public mind is fully prepared for a great and sudden

dimunition of the amount of the national debt; but those who watch the signs of the times cannot have failed to observe the change which is gradually working its way in the opinions of all men, with respect to the public burthens. The doctrine that the *public debt* is *public wealth* is clean forgotten; its common designation now is, "*the mill stone about our necks.*" Its existence is universally lamented. The sexagenarian, indeed, who remembers the alarms and horrors of the French revolution, and who supported the measures of those times, tells us that the debt was incurred in a just and glorious cause, and forms therefore no legitimate subject of complaint; but the bulk of the nation, who know only *historically* the causes, whilst they feel *practically* the effects, of the burthens, have no sympathy with him, and loudly lament their intolerable pressure. He who, sixteen years ago, had spoken of the possibility of the necessity of an adjustment with the public creditor, would have been pitied as a visionary or shunned as an incendiary. The most sensitive amongst us may now without alarm express, in the most mixed society, an opinion that the period of such adjustment is fast approaching, secure in the concurrence of the majority of his hearers, although such concurrence may be accompanied with fears that national ruin must inevitably ensue.

There are not indeed, on the other hand, wanting political economists who already contend that the claims and the interests of the fund-holders ought not to stand in competition with the welfare of the community at large; that the injuries inflicted on persons of fixed income, when the bank suspended payment, and the funding system flourished, were more extensive and more fatal than those which could arise from the reduction of the debt; that the victims which are now yearly sacrificed to the resumption of cash payments, and the suppression of small notes, are more in number than such reduction would occasion; that the present fund-holders can have no greater claim than the original lenders, from whom they have mediately or immediately purchased; that the fund-holder, when he advanced to the government £65, and took a bond for £100, knew that he had no security beyond the annual produce of the taxes, and that when the taxes failed, his dividends must fail likewise; that the greater part of the sums so borrowed, were borrowed during the suspension of cash payments, and when the bank note was depreciated from 30 to 50 per cent. and moreover that, neither the land nor revenues of the country are pledged for its repayment.

This class of reasoners are not at present numerous; but propositions backed by self-interest are generally

received with complacency, and the pressure of debt is apt to deaden the sense of honour. It is a maxim with prudent men to prepare themselves for coming evils; and unless some decisive measures are taken before the national sense of honour is so deadened, and self-interest has become all predominent, a convulsion will, it is to be feared, take place in this empire, inferior only in its effect and consequences to the first revolution in France.

It is the firm conviction of the writer of this pamphlet, that an arrangement may at the present time be made, beneficial to all parties and injurious to none; and he now ventures to request the attention of his readers to the following principles and details of his plan:—

Let the nominal amount of the national debt remain unaltered; let the annual interest be reduced one-half; let the assessed taxes and duties on coals, candles, glass, malt, printed goods, paper, soap, British sweets, vinegar, stage coaches, and post horses, be wholly repealed; the duties on sugar and wine be diminished one-half, and the duties on tea one-third; let a commission be appointed to make compensation to all such fund-holders as shall be injured by the reduction of their dividends (of which hereafter), for which purpose let a new stock be created to be called *the com-*

pensation stock, bearing an interest of £2 per cent.; of which stock the commissioners shall assign to each individual entitled to compensation, the amount of compensation awarded; and let certain permanent branches of the revenue be for the future specifically charged with the payments of the reduced dividends; and let these dividends possess a priority over the dividends of any loans hereafter contracted.

Having thus given the principle, let us now inquire if the scheme be practicable. According to the finance account for the year ending January 5, 1830, (and which being the last published statement, I take as the basis of my calculations), the public funded unredeemed debt of the United Kingdom amounted to £771,251,932 : 13 : 7¾, and the annual interest to £26,830,367 : 9 : 7.

By the same statement, the revenue derived from the duties payable to the customs, on the articles of sugar, wines, and coals, amount to £7,310,492 : 8 : 4. viz.

	GREAT BRITAIN.	IRELAND.
Sugar	£4,452,793 18 11	£443,448 11 5
Wines	1,292,463 10 2	181,144 1 2
Coals	867,321 10 9	73,318 16 11
	6,612,578 19 10	£697,911 9 6
	697,911 9 6	
	£7,310,492 8 4*	

* These accounts are not strictly correct as applicable to the

By the same statement, the revenue derived during the same period, from the duties payable to the excise, on candles, glass, licenses, malt, paper, printed goods, soap, starch, stone bottles, sweets, tea, and vinegar, amount to £11,607,448 : 9 : 2. viz.

	GREAT BRITAIN.				IRELAND.		
Candles	£ 490,750	15	11				
*Glass	633,868	0	10	.....	£ 19,338	18	1
Licenses	710,886	13	7	.....	134,504	4	7
Malt	3,537,632	0	3	.....	276,673	1	2
*Paper	654,994	14	2	.....	26,203	1	6
*Printed goods	552,270	12	4				
Soap	1,151,909	15	4				
Starch	67,359	15	0				
*Stone bottles	4,166	18	3				
Sweets	2,455	8	8	.....	210	8	6
Tea	3,321,722	2	6				
Vinegar	24,895	12	10	.....	646	5	8
	11,149,912	9	8		£457,575	19	6
	457,575	19	6				
	£11,607,488	9	2				

present debt and revenue; but they are sufficiently so for the purposes of this pamphlet; and are the latest authentic documents which the author can procure.

* It may be doubted whether a reduction in the duties on tobacco, now amounting, in the United Kingdom, to £2,849,706 : 7 : 8, might not be preferable to the repeal of the duties on glass, paper, printed goods, and stone bottles. I have selected these articles in preference, because the duties on tobacco are under the controul of the customs, and by the repeal of the duties, as proposed, *the whole system of the excise laws, so odious to the nation, might be abolished.*

By the same statement, the assessed taxes (exclusive of the duties on horse dealers and game certificates, which I do not propose to repeal,) amount to £3,836,506 : 17 : 0. viz.

Windows	£1,163,760	17	8
Inhabited houses	1,324,327	18	9
Servants	286,552	7	0
Carriages	374,677	14	0
Horses for riding	345,090	8	3
Other horses and mules	60,587	13	6
Dogs	183,060	8	4
Hair powder	17,332	10	0
Armorial bearings	52,240	19	0
Composition duty	28,876	0	6
	£3,836,506	17	0

By the same statement, the duties paid in respect of stage coaches and post horses, are as follows:—

Stage coaches	£426,489	18	9
Post horses	252,772	2	8
	£679,262	1	5

It also further appears that the expense of collecting the customs, excise, and assessed taxes, and the management of the national debt, amount to £4,023,900 : 11 : 3. viz.

	GREAT BRITAIN.			IRELAND.		
Customs, charges of coll^{n}	£1,071,582	4	3...	£303,993	3	5
Other payments...	526,191	14	7...	142,700	17	2
Excise, charges of coll^{n}...	1,003,471	6	5...	222,588	8	6
Other payments...	164,403	11	3...	26,643	16	5
Assessed taxes, collection	287,183	2	2			
Management of debt	275,143	7	1			
	£3,327,975	5	9	£695,925	5	6
	695,925	5	6			
	£4,023,900	11	3			

By reducing the duties as proposed, (supposing there should be no increased consumption of articles remaining taxable) the income of the country will be diminised £17,838,979 : 19 : 7, viz.

	GREAT BRITAIN.			IRELAND.		
Assessed taxes ...	£ 3,836,506	17	0			
Coals	867,321	10	9 ...	£ 73,318	16	11
Candles	490,750	15	11			
Glass.....	633,868	0	10 ...	19,338	8	1
Malt.....	3,537,632	0	3 ...	276,673	1	2
Paper	654,994	14	2 ...	26,203	1	6
Printed Goods.....	552,270	12	4			
Soap.....	1,151,909	15	4			
Starch	67,359	15	0			
Stone bottles	4,166	18	3			
Sweets and Mead .	2,455	8	8 ...	210	8	6
Vinegar	21,895	12	10 ...	646	5	8
Stage coaches ..	426,489	18	9			
Post horses.....	252,772	2	8			
Sugar (one-half) .	2,276,396	19	5 ...	221,724	5	9
Wines (ditto) ...	646,261	15	1 ...	90,572	0	7
Tea (one-third) .	1,107,240	14	2			
	£16,530,293	11	5	£708,686	8	2

Brought forwards—Great Britain.....	£16,530,293	11	5
Ireland	708,686	8	2
	17,238,997	19	7
To which must be added the probable reduction in the sums now paid for licenses—say	600,000	0	0
	£17,838,979	19	7

By the reduction of the expense of collecting the above duties, and by the reduction of the interest of the funded debt as proposed, the expenditure of the country will be diminished £15,656,192 : 14 : 1. Thus :—

Reduction of one-half of the annual interest on debt	£14,005,378	8	6
Ditto—of management of debt	137,571	8	6
Expense of collecting the assessed taxes...	287,183	2	2
Ditto of collecting Excise duties, England	1,003,471	6	0
Ditto ..... Ireland	222,588	8	6
	£15,656,192	14	1

The two latter items are undoubtedly conjectural; but as there will then be no exciseable articles but auctions, *bricks, hops, spirits, and tea, the excise establishment may be wholly broken up; and the additional expense which would in consequence accrue in the department of the custom-house may be met by economical internal arrangements, and by the funds arising from

* The net produce of the duty on bricks is only £363,430. 5*s.* 6*d.* and therefore if any practical difficulty should occur in transferring its collection to the customs it may be repealed altogether. On the other articles there can be no difficulty.

the abolition of some, and the necessary cessation of other of the charges, which appear in the finance accounts under the head of "*other payments*," and amount to upwards of £170,000 per annum.

By the proposed plan, therefore, the national income will be diminished.....£17,838,979 19 7

The national expenditure will be diminished ....} 15,656,192 14 1

£ 2,182,787 5 6

leaving a deficiency of £2,182,787 : 5 : 6, which will be provided for by the present annual excess of income above expenditure, amounting to £2,500,000, for it is not part of the proposed plan to make any provision for the payment of the principal monies due. The fund-holder must remain a perpetual annuitant upon the state, unless the mines of Peru should become as productive as those of Cornwall; and there does not seem any practical good, in the present state of the country, in raising annually £2,500,000 of additional taxes, which cannot produce any important national benefit for the next fifty years.

As far therefore as *figures* are concerned, the measure is practicable: and it must be conceded, that (independantly of the interests of the fund-holders) it would be productive of great national benefit.

Let us then consider if it cannot be carried into effect, with due attention to their interests.

It will be observed that the taxes proposed to be repealed are those which will benefit *all* classes of the community;—the comforts of the poor are materially affected by the price of coals, candles, malt, soap, starch, sugar, and tea. These are also articles of serious expense to the middle classes of society, who are likewise interested in the reduction of the price of glass, printed goods, and paper, and are heavily oppressed by the house and window and other assessed taxes, whilst the higher classes not only feel the weight of all these taxes, but have an immediate and special interest in the wine and post-horse duties. We shall also find that the agricultural, the commercial, the manufacturing, and the West Indian interests, are all considered; and I believe I may venture to say, there will be no individual, however humble or exalted, who will not be benefited by the measure; and that the advantages of every person will be (as it is intended it should be) in proportion to his station in society.

According to a statement which appeared in the "Times" newspaper in the month of March last, the fund-holders are in number and amount as follows.

	Not exceeding £5.	Not exceeding £10.	Not exceeding £50.	Not exceeding £100.	Not exceeding £200.	Not exceeding £300.	Not exceeding £500.	Not exceeding £1000.	Not exceeding £2000.	Exceeding £2000.	
Three per cent. Consols ...	28600	12869	32086	9352	6300	2260	1458	855	264	109	94215
Ditto, reduced	12011	4998	12133	3528	2215	4	512	300	105	44	36650
Three & half do. Annuities	233	166	447	205	173	0	71	58	23	14	1450
Four ditto Consols	9981	5174	12502	3593	2021	608	400	181	35	17	34512
Long Annuities.....	8360	3369	7731	1644	825	254	157	58	12	7	22417
New four per cents.	31359	14629	34472	7677	3903	1145	644	280	48	24	94181
Three per cent. 1726	151	90	211	50	22	8	1	0	0	0	533
Old South Sea Annuities...	746	390	905	190	76	19	11	5	1	2	2345
New ditto	573	331	668	156	58	15	5	3	2	0	1811
Three per cent. 1757	149	67	119	15	11	3	1	1	0	1	367
	92223	42003	101274	26410	15604	5178	3260	1741	490	218	288481

And for the purpose of this pamphlet they may be thus divided:

1. Artificers and other operatives, who live by daily labour, and have deposited their earnings in the public funds.

2. Tradesmen and professional men, who have done the same, but who rely principally for income on their trades and professions.

3. Merchants and persons of landed and other property, who live upon their incomes, which are partly derived from their dividends and partly from other sources.

4. Persons who derive their whole income from the public funds.

5. Public companies, savings' banks, and public offices.

As the interest of the national debt is paid by *all* the individuals who compose the nation, according to sums annually levied upon them by direct or indirect taxation, to those individuals amongst them who are the public creditors, that is to say the fund-holders, (the Government being, in truth, as far as relates to the debt, only the great national collector, who receives and pays) it follows, not only that all the tax-payers (that is to say the whole community) who are not

fund-holders, are interested in the reduction of the debt, but such also of those who stand in the double situation of debtor and creditor, who pay more in the form of taxation than they receive in the shape of dividend; and furthermore, that those who receive the same amount in dividend as they pay in taxation, will be neither injured nor benefited by the change; and *that those alone can be injured who pay less in direct and indirect taxes than they receive back again in the form of dividends.*

It is manifest that if the taxes above enumerated are repealed, all those whose dividends do not exceed £10 per annum (that is to say 134,226 of the 288,481 persons, who, according to the statement above given, are the public creditors) must be greatly benefited by the proposed change; for there can be no individual, however humble, above the degree of a pauper, who does not pay from £2 to £5 annually, *by reason of* the taxation (in which I include the increased price beyond, but in consequence of such taxation) of the articles enumerated. It may also be predicated of the next class, that is to say, of those whose annual dividends do not exceed £50, and who amount to 101,274 of the remaining 154,255, that the great majority will not be injured by the

measure, for the average number of them will not receive more than £30 per annum; and it does not frequently happen that persons with such limited dividends, and with no other sources of income, place their principal monies in the public funds: but we will presume that 10,000 will be damnified. Of the remaining classes (except the last), that is to say, of those whose dividends vary from £50 to £2000 per annum (and who amount to 52,763 of the remaining 52,981), when it is remembered that they include all the landholders, merchants, professional men, &c., who are holders of stock, it is not unreasonable to suppose that one-half, that is to say 26,380, have such other sources of income (especially considering that the scale goes down to £50 per annum, and that the dividends of 20,782 of the number are under £300 per annum) as to place their annual expenditure on a scale which will make the amount in the reduction of their taxation equal to the amount of the reduction in their dividends. The remaining 26,380, in addition to the 10,000 above mentioned, will of course be injured by the measure in various degrees and amounts, according as their income is wholly or partially dependant upon their dividends. The same may be predicated of the remaining 218 accounts,

whose annual dividends exceed £2000 per annum; amongst which are included the accounts of public companies, savings' banks, and public offices, but which I do not propose to include in the number of those entitled to compensation, because, as to some of them, they are only in the situation of creditors, and contribute nothing to the burthens of the state, and therefore, like other creditors, must abide the consequences of taking a bad security; and as to others, they are composed of individuals, each of whom have contributed so small a share, as to fall within the general benefit of the measure.

The account then stands thus:—*twenty millions* of persons are jointly indebted to 288,481 persons in the sum of £771,251,932 : 13 : 7, for which they pay an annual interest amounting to £28,010,757 : 7 : 2; but these 288,481 creditors are included in the 20,000,000 of debtors, and it is to the interest of 134,226 of such of them as stand in the double capacity of debtors and creditors, as well as of the 19,711,519 debtors, who are not creditors, that the interest of the debt should be reduced to £14,005,378 8*s*. 6*d*. and of the remaining 154,255, standing in the aforesaid double capacity, 127,654 are so neutralized (their shares as debtors and creditors being

equal) as to be indifferent in the matter. Is it then practicable so to compensate the remaining 36,600 persons,* standing in the aforesaid double capacity, as to enable the body at large to relieve themselves from the burthens by which they are all oppressed, and under which they all languish?

There is no difficulty in the *principle* of the mode of compensation.

Let each individual or head of a family, who now receives a larger amount from the revenue in the form of dividend than he pays in the form of taxes, have such an amount of the compensation stock assigned to him, as shall supply the difference between his loss by the reduction of dividend and his gain by the reduction of taxation. For instance: A has from various sources an income of £1000 per annum, of which £500 is derived from dividends. His annual payment in assessed taxes and in duties on tea, sugar, soap, starch, printed goods, candles, glass, malt, paper, post horses, and coals, amounts to £200 per annum.

* It may be said that the number of *accounts* only are given in the statement published in the "Times," and that in *one* account many individuals may be interested. This, doubtless, is true, but it will tend to decrease instead of increase the amount of claims for compensation, inasmuch as persons of small income are, *in proportion*, most heavily taxed.

By this measure therefore his income will be diminished £250, his taxes £200, and therefore let him be assigned such a portion of the new stock as, taking amount of principal and interest together, shall be equal to £50 per annum.*

In the practical execution of this measure some difficulties will undoubtedly arise, especially as between debtor and creditor, where money has been advanced upon stock, with or without other security, or where life and reversionary interests are involved, or with persons resident abroad, and so forth; but none of these difficulties are insuperable, or even beyond the power of the skilful actuary of a life office to remove; and if commissioners are appointed, under an oath of secresy, to enquire into the several claims (also to be returned upon oath), with power to examine the claimants as to their sources of income, their modes of living, &c. they would be enabled, after an examination of the first 100 or 150 cases, to establish such general principles for their guidance as would remove

* Although this plan professes only to indemnify the fundholder, it is evident it will be to his advantage; because, by the great reduction of the price of all the necessaries of life, consequent on this reduction of taxation, there must be a reduction in the price of labour, and a consequent reduction in the price of all other articles of consumption.

any practical difficulties which, at the commencement of their labours, might arise.

As the amount of the reduction of interest is by this plan commensurate with the amount of the reduction of taxation, there is no fund reserved for the payment of the compensation dividends. These dividends cannot, however, exceed £3,000,000 per annum, and this amount (and, I should hope, a larger amount, if needful) will be provided for without difficulty by the increased consumption of articles still remaining taxable, by a reduction in the army, navy, and ordnance establishments, now amounting to £15,180,861 : 8 : 5 per annum, and by the reduction of salaries, pensions, and sinecures, and those other economical arrangements which are so fairly, and I firmly believe honestly, promised by his Majesty's present ministers, and which the reduction of prices attendant on the proposed reduction of taxation will enable them so easily to fulfil.

It may be asked, by what mode compensation is to be made to the fund-holder for the reduction of the amount of the value of his capital stock, caused by the reduction of his dividends. This reduction will not be so great as on the first impression it would seem to be. By the reduction in the price of labour and all other articles, the commercial and agricultural

concerns of the country will be carried on with a much smaller capital than is now required. There will therefore be a great amount of capital unemployed; the interest of money will also be diminished; and as the annual savings of the community (to speak in the most moderate terms) will not be lessened, it follows, from these combined causes, that the demand for funded investments must increase, and that prices will consequently gradually rise, although they may experience a sudden and temporary depression.

But be this as it may, the change in value is one of the chances to which the purchaser of a fluctuating security of necessity subjects himself, and which the purchaser of a share in the public funds must take in common with the purchaser of a share in any other joint stock company. The person who buys a bond for the payment of £100, at the price of £50 or £70 or £90, knows that he traffics in a depreciated article, and that he purchases that which a change in the value of money, a civil commotion, the breaking out of a war, or the necessities of the state may, in an instant, reduce 20, 30, or 40 per cent. in value; and the fund-holder has no greater right to complain of the depreciation of his capital, because the exigencies of the state require a reduction of his

interest, than the holders of shares in canal or water companies, when, from a cessation of traffic, or the introduction of rail roads, or the establishment of rival companies, they experience a similar depreciation. These companies, like the funds, have been established by acts of parliament, and there has been no greater security given to the one class of speculators than to the other. If indeed the original lenders of the money had stipulated that the land of the country, or certain branches of the revenue, should be pledged for the due payment of their dividends before the payment of any other demands, or that the loans advanced should be entitled to a priority of payment in the order of advancement, the situation of the fund-holder would have been materially altered; but, in truth, if either of these precautions had been taken, the present debt could never have existed; for the assent of the *borrowers* would never have been obtained to the first-mentioned mode of raising money; and long before the public debt had reached the half of its present amount, there would have been no *lenders* on the last. But furthermore, the demand for compensation, if admitted, can only be estimated upon the amount advanced by the *original* lenders; for all the purchasers from them have bought according to the mar-

ket price of the day, at all sums, from £97 to £45 for the £100 stock, and taking *that* price as the standard, no compensation will be required.

Turning from the consideration of the interests of the fund-holder, and viewing this measure in a national point of view, its benefits will be incalculable. The direct relief to all classes has already been pointed out; but the incidental benefits will exceed the direct ones. One of the most obvious and important results will be the power of making an immediate alteration in the corn laws. When the articles which the poor man consumes are restored to their natural prices, it will not be necessary to maintain at artificial prices the products of his labour, in order that he may purchase them. Poor rates, as well as the price of labour, must of necessity sink considerably in amount, whilst every other agricultural expense will be reduced to its natural level; and as every diminution of the expense of cultivation enables the tenant to pay an additional rent to his landlord, without his adding to the price of his agricultural produce, the fair rent, according to the value of money, may then be paid, whilst, at the same time, the labourer will receive his full hire, and the tenant again become the solvent and respectable yeoman who still lives in our memory, and whom every true Englishman must wish to see restored.

It is unnecessary to point out the commercial advantages, both internal and foreign, which must arise from a reduction in the price of corn and other necessaries of life. It is universally admitted that if cheapness of labour can be added to the superior industry, talent, and capital of this nation, it will command the commerce of the world.

There are indeed some who imagine that by a reduction of the interest of the national debt there will be a reduction, to an equal amount, in the wealth, and also in the annual income and expenditure of the country; and, therefore, that the decreased demand for agricultural and commercial products would more than counterbalance the benefits which would arise from a reduction of taxation. This notion is founded on the fallacious supposition that *taxation of property* is a *species of creation of property*, and produces wealth which would not otherwise exist. The fallacy of this proposition is easily demonstrated. Suppose A, B, C, D, E, and F have to pay to A and B £105 per annum, viz. to A £30 and to B £75; that they pay the same in proportion to their incomes; that the expenses of the collection amount to £21; and that the respective incomes of A, B, C, D, E, and F are £50, £100, £150, £200, £250, and £300 per annum.

Then the collector would collect from—

A	£6
B	12
C	18
D	24
E	30
F	36
	£126

And pay to

A	£30
B	75

And

A would have to spend	£74
B	169
C	132
D	176
E	220
F	264
The collector	21
	£1050

And the total money to be expended by A, B, C, D, E, F, and the collector, would be £1050. Whereas, if A, B, C, D, E, and F owed nothing to A and B,

A would have to spend.....	£50
B	100
C	150
D	200
E	250
F	300
The collector.....	—
	£1050

Being the same total amount; but with this difference, *that the expense of the collection is spent by the individuals instead of the collector.*

As to the question of national faith, after the reduction of the interest on the five and four per cent. annuities, the time for such discussion seems to be gone by. Those measures have ever appeared to me partial and unjust, as "keeping the word of promise to our ear, but breaking it to our hope," and as bearing hard on the most defenceless portion of the community, viz. the widow and the orphan. It is said, indeed, that the measure was just, because an option was given to the holders of these annuities to take the reduced interest, or to be paid their £100: but such option was not really given. The option was, to take the reduced interest, or to be paid the £100 "*in such*

order, and at such periods, and in such manner, as parliament should direct;" a condition which formed no part of the original contract on which the money was borrowed, and which the borrower had therefore no right to impose upon the lender; and of which the effect was, in case the lender declined the terms proposed, to subject his capital to the risk of any fall in the price of public securities, without the possibility of being benefited by a rise; and to give the debtor the power of paying or witholding the whole, or any part, of his debt as his own interests alone should prompt. It is true that the dissentients were few, and their claims immediately discharged: but the smallness of their number in part arose from the disadvantages already mentioned, and in part because a large portion of those particular funds were held by guardians, trustees, and executors, whose assent to the measure was assumed, and who were by the statute expressly exempted from all responsibility, if they acquiesced in its provisions. It cannot, therefore, be matter of surprise, that dissents were not expressed by this class of fund-holders, who by remaining passive, exempted themselves from the trouble, risk, and responsibility of providing new securities, to be called for at some unknown and indifinite time; but it may be doubted

whether such an act of parliament was strictly just towards those parties who were represented by them.

But, passing by these considerations, the measure is justified by its necessity. To continue for any lengthened period the payment of the present overwhelming burthens is impossible; and it will be well if any arrangement can be made by which they shall be materially lessened, before the alarming symptoms of disaffection and despair, which for the last three months have desolated the country, become fearfully and universally realized. The dangers which threaten us are not visionary; and if some strenuous effort is not forthwith made to mitigate the burthens, and ameliorate the condition, of all classes in the state, and thereby to bring back the poor to contentment and obedience, we must prepare ourselves for those national convulsions, which are ever the consequence of embarrassed finances, and of which the French revolution afforded us a fearful example.

In conclusion, let me add, that if in consequence of the proposed measure it should become impossible for the government of this country to obtain hereafter new loans for the prosecution of future wars, countless blessings will be bestowed upon the community, far greater than those which can arise from all the agri-

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cultural and commercial advantages already enumerated.

Whilst good security can be given there will be no difficulty in borrowing; and when good security cannot be given, the nation is not in a condition to borrow. It is with nations, as with individuals, a proud distinction to possess a character for honesty and integrity so spotless as to make their honour equal in value to their bonds; but it is as dangerous to the one as to the other to take advantage of it: a single loan may relieve a temporary embarrassment and be punctually repaid; but a system of borrowing for any continued period, on the strength of character, of necessity deadens by degrees the sense of honour and independence, and generally ends in self abasement, loss of friends, and *a composition with creditors.*

FINIS.

LONDON:
PRINTED BY GEORGE ECCLES, 101, FENCHURCH STREET.